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DE RUEHAH #1117 2451259
ZNR UUUUU ZZH
P 021259Z SEP 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3399
INFO RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5618
RUEHBJ/AMEMBASSY BEIJING 3337
RUEHKO/AMEMBASSY TOKYO 3201
RUEHIT/AMCONSUL ISTANBUL 3861
RUCNDT/USMISSION USUN NEW YORK 1120
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3861
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS ASHGABAT 001117

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [ECON](#) [TX](#)

SUBJECT: TURKMENISTAN: PETROCHINA TO TAKE OVER AMU DARYA PROJECT

REF: ASHGABAT 1071

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) A number of international media outlets reported this week that PetroChina will acquire assets from the Chinese National Petroleum Corporation (CNPC), PetroChina's parent company, including CNPC's share in the Amu Darya project. The Amu Darya project, or as the Turkmen call the Bagtyarlyk project, is a group of fields developed by CNPC under a production sharing agreement and is expected to supply up to 13 bcm of gas per year to the Central Asia - China pipeline (reftel).

¶3. (SBU) At the end of 2007, Italian ENI purchased the UK-based Burren Energy Company, which holds a license to develop the Nebitdag contractual territory under a production sharing agreement in Turkmenistan. The Turkmen government reacted negatively to the unexpected new ownership, with the State Agency for Management and Use of Hydrocarbon Resources demanding explanations from the Burren Energy management. In addition, the Turkmen State Migration Service reportedly denied entry visas to ENI staff as a result of the deal. The Turkmen Government maintained that Burren Energy should have coordinated and sought GOTX approval before selling to a new company. ENI eventually resolved the issue through special negotiations with the GOTX, but details of possible ENI concessions were not released.

¶4. (SBU) To date, there has been no official comment from the Government of Turkmenistan regarding the planned CNPC/PetroChina deal. But according to a Ministry of Oil and Gas official, the Turkmen Government will react calmly to the deal, as the Chinese companies have proved to be very skillful in doing business without displeasing the Turkmen Government. This official also asserted that the Chinese most likely vetted the deal with the Turkmen Government, learning from ENI's unpleasant experience in 2007.

¶5. (SBU) COMMENT: The Turkmen Government views the Amu Darya project more as a bilateral agreement, rather than a commercial deal

between Turkmenistan and CNPC. Since the Chinese Government exercises full control of PetroChina and owns more than 85 percent of shares in CNPC, the Turkmen Government is unlikely to oppose the deal or create difficulties for its new Chinese partner. In addition, the Chinese have shown skill in managing their relationship with the Turkmen, and would not likely sanction any action that would damage their good standing. END COMMENT.

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